No. 96-1768 (9)

IN THE

Supreme Court of the United States

OCTOBER TERM, 1997

C. ELVIN FELTNER, JR.,

Petitioner,

v.

COLUMBIA PICTURES TELEVISION, INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Brief of The American Society of Composers, Authors and Publishers (ASCAP) as *Amicus Curiae* on the Merits in Support of Respondent and Affirmance of the Decision Appealed From

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34 pp

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Statutes

Other Authorities

CONSTITUTIONAL AND STATUTORY PROVISIONS

The Seventh Amendment of the United States Constitution

In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law.

U.S. Const. Amend. VII.

The Copyright Act of 1909

§ 25. Infringement

If any person shall infringe the copyright in any work protected under the copyright laws of the United States such person shall be liable:

(a) Injunction—To an injunction restraining such infringement:

(b) Damages and profits; amount; other remedies—To pay to the copyright proprietor such damages as the copyright proprietor may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement, and in proving profits the plaintiff shall be required to prove sales only, and the defendant shall be required to prove every element of cost which he claims, or in lieu of actual damages and profits, such damages as to the court shall appear to be just, and assessing such damages the court may, in its discretion, allow the amounts as hereinafter stated, but in case of a newspaper reproduction of a copyrighted photograph, such damages shall not exceed

the sum of $200 nor be less than the sum of $50, and such damages shall in no other case exceed the sum of $5,000 nor be less than the sum of $250, and shall not be regarded as a penalty.

First. In the case of a painting, statue, or sculpture, $10 for every infringing copy made or sold by or found in the possession of the infringer or his agents or employees;

Second. In the case of any work enumerated in section 5 of this title, except a painting, statue, or sculpture, $1 for every infringing copy made or sold by or found in the possession of the infringer or his agents or employees;

Third. In the case of a lecture, sermon, or address, $50 for every infringing delivery;

Fourth. In the case of a dramatic or dramatic-musical or a choral or orchestral composition, $100 for the first and $50 for every subsequent infringing performance; in the case of other musical compositions, $10 for every infringing performance; . . . .

Act of March 4, 1909, § 25, 35 Stat. 1075 (later amended and codified as 17 U.S.C. § 101)

The Copyright Act of 1976

§ 504 Remedies for infringement: Damages and profits

. . . .

(c) Statutory Damages.—

(1) Except as provided by clause (2) of this subsection, the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of

statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than $250 or more than $10,000 as the court considers just. For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.

(2) In a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than $50,000. In a case where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court it its discretion may reduce the award of statutory damages to a sum of not less than $100. The court shall remit statutory damages in any case where an infringer believed and had reasonable grounds for believing that his or her use of the copyrighted work was a fair use under section 107, if the infringer was: (i) an employee or agent of a nonprofit educational institution, library, or archives acting within the scope of his or her employment who, or such institution, library, or archives itself, which infringed by reproducing the work in copies or phonorecords; or (ii) a public broadcasting entity which or a person who, as a regular part of the nonprofit activities of a public broadcasting entity (as defined in subsection (g) of section 118) infringed by performing a published nondramatic literary work or by reproducing a transmission program embodying a performance of such a work.

Pub. L. No. 94-553, Title I, § 101, Oct. 19, 1976, 90 Stat. 2541, 2585 (codified at 17 U.S.C. § 504(c)).

(c) Statutory Damages.—

(1) Except as provided by clause (2) of this subsection, the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than $500 or more than $20,000 as the court considers just. For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.

(2) In a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than $100,000. In a case where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court it[1] its discretion may reduce the award of statutory damages to a sum of not less than $200. The court shall remit statutory damages in any case where an infringer believed and had reasonable grounds for believing that his or her use of the copyrighted work was a fair use under section 107, if the infringer was: (i) an employ

[1] So in original. Probably should be "in."

ee or agent of a nonprofit educational institution, library, or archives acting within the scope of his or her employment who, or such institution, library, or archives itself, which infringed by reproducing the work in copies or phonorecords; or (ii) a public broadcasting entity which or a person who, as a regular part of the nonprofit activities of a public broadcasting entity (as defined in subsection (g) of section 118) infringed by performing a published nondramatic literary work or by reproducing a transmission program embodying a performance of such a work.

The Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, § 10(b), Oct. 31, 1988, 102 Stat. 2853, 2860 (amending § 504(c) of the 1976 Copyright Act).

INTEREST OF THE AMICUS CURIAE

ASCAP has received written consents by John Glover Roberts, Jr., Esq., counsel of record for Petitioner, and Henry J. Tashman, Esq., counsel of record for Respondent, to submit an *Amicus Curiae* brief. Those consents are on file with the Clerk of this Court.

The American Society of Composers, Authors and Publishers (ASCAP) is a performing rights licensing organization whose nearly 70,000 writer and publisher members collectively license public performances of more than four million copyrighted musical compositions. In the words of Justice White, "[i]n 1914, Victor Herbert and a handful of other composers organized ASCAP because those who performed copyrighted music for profit were so numerous and widespread, and most performances so fleeting, that as a practical matter it was impossible for the many individual copyright owners to negotiate with and license the users and to detect unauthorized uses." *Broadcast Music, Inc. v. Columbia Broad. System*, 441 U.S. 1, 4-5 (1979). In the eighty years since Justice Holmes wrote his seminal decision in *Herbert v. Shanley Co.*, 242 U.S. 591 (1917), ASCAP has commenced on behalf of its members literally thousands of copyright infringement actions against infringers ranging in size from the operators of small restaurants and retail stores to radio and television stations and cable television networks.

Given the foregoing breadth of ASCAP's experience in suing under the 1909 and 1976 Copyright Acts, it believes it presents to the Court the views of an organization with a unique interest in and knowledge of the realities of litigation pursuant to the provisions of the Copyright Act in general and 17 U.S.C. § 504(c) in particular.

Pursuant to Supreme Court Rule 37.6, this brief was written, produced and funded exclusively by amicus curiae American Society of Composers, Authors and Publishers (ASCAP).

It has long been ASCAP's experience that such litigation is a *sine qua non* in order to effectuate widespread compliance with the Copyright Law on the part of those who perform music publicly. And the substantial success enjoyed by ASCAP's members as a result of such compliance is due largely to the ability of copyright owners to obtain statutory damage awards typically on motions for summary judgment. Permitting jury trials in such garden-variety enforcement actions will likely result in delay and increased expense—not just for ASCAP but for the infringers as well.

SUMMARY OF ARGUMENT

This Court has ruled that in determining whether the Seventh Amendment to the United States Constitution mandates trial by jury of issues in a civil action pending in federal court, there must be "examination of the issues involved and the remedy sought" in the light of practice at common law in the 18th century. The second inquiry is regarded as decisive.

Statutory damages have always involved the fixing of a sum between minimum and maximum amounts, usually in the absence of proof of actual damages or profits wrongfully gained. Courts must improvise to find a number which, in the exercise of the court's almost unlimited and unreviewable discretion is "just" or "fair," predicated on a wide variety of considerations or factors. Those considerations or factors are based on perceived policies arising out of the copyright law and the public interest.

Enactment by Congress of § 504(c) of the 1976 Copyright Act, which in effect incorporated the provisions of § 25(b) of the 1909 Copyright Act, is implicit but unquestionable confirmation of Congressional approval of the method by which statutory damages had evolved and been determined by the federal courts during the preceding 67 years.

There is no precedent for such a form of remedy under the common law as it existed in the 18th century or even thereafter. Therefore, statutory damages are a remedy foreign to the common law and should not be subject to the restrictions of the Seventh Amendment.

Finally, as a matter of judicial policy, affording to juries the right to award statutory damages would be unwise because of the highly discretionary manner in which they are calculated. Thus, there is substantial risk that infringers

would be made to pay excessive sums as a consequence of their lack of popularity, not their infringements. There is also a danger of lack of uniformity in the damages assessed by juries in different parts of the country. The latter would be particularly inappropriate in the enforcement of a national statute such as the Copyright Act which is intended to be uniform in its application.

ARGUMENT

I. WHETHER THE RIGHT TO DAMAGES UNDER 17 U.S.C. § 504(c) SHOULD BE CONSIDERED A COMMON LAW REMEDY IS DECISIVE OF THIS APPEAL.

Whether an issue is subject to a Seventh Amendment right to trial by jury in a civil action predicated on a federal statute, must be determined by "examination of the issues involved and the remedy sought." *Chauffeurs, Teamsters and Helpers Local No. 391 v. Terry,* 494 U.S. 558, 563 (1990) [hereinafter *Terry*]. *Terry* quoted *Tull v. United States* , 481 U.S. 412, 417-18 (1987):

> "First, we compare the statutory action to 18th century actions brought in the courts of England prior to the merger of the courts of law and equity. Second, we examine the remedy sought and determine whether it is legal or equitable in nature." *Tull, supra*, at 417-418, (citations omitted). The second inquiry is the more important in our analysis. *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 42 (1989).

494 U.S. at 565.

Merely because an award of damages is mandated, does not necessarily mean that there must be trial by jury. *Terry*, 494 U.S. at 569. *Tull v. United States* held that damages in the form of civil penalties under the Clean Water Act, 33 U.S.C. § 1319(d), involved "highly discretionary calculations that take into account multiple factors" and were "the kinds of calculations traditionally performed by judges." 481 U.S. at 427. Therefore, the Court held the "assignment of the determination of the amount of civil penalties [under the

Clean Water Act] to trial judges does not infringe on the constitutional right to a jury trial." *Id.* at 426-27.

Prior to the above cases, *Lorillard v. Pons*, 434 U.S. 575, 583-85 (1978), distinguished between the Age Discrimination in Employment Act and Title VII of the Civil Rights Act of 1964. Title VII provides for damages for "backpay" as "a matter of equitable discretion" and therefore may not mandate jury trials as to the amounts thereof. *Id.* at 584. This was contrasted with Title VIII of the Civil Rights Act and the Age Discrimination in Employment Act, which do not make damages a matter of discretion and therefore do require trial by jury under the Seventh Amendment. *Id.* at 585; *see Curtis v. Loether*, 415 U.S. 189, 197 (1974).

The remedy of "statutory damages" contemplated by 17 U.S.C. § 504(c), is not a common law remedy. Rather, the award of such damages involves precisely the discretionary, complex calculations which make them "the kinds of calculations traditionally performed by judges." *Tull v. U.S.*, 481 U.S. at 427. Determination of such statutory damages also involves the same sort of discretion as is exercised in the disposition of equity cases.

Finally, as we shall see in Part II. B, the legislative history of the 1976 Copyright Act, of which 17 U.S.C. § 504(c) is a part, and its predecessor under the 1909 Act, is consistent with the position that the fixing of statutory damages is not subject to a jury trial.

II STATUTORY DAMAGES UNDER 17 U.S.C. § 504(c) ARE NOT AND WERE NOT INTENDED TO BE A COMMON LAW REMEDY.

A. Statutory Damages Under The Copyright Acts Of 1976 And 1909 As They Have Evolved In The Courts Are Not A Common Law Remedy.

There is no dispute that:

> . . . Section 25(b) of the Copyright Act of 1909 . . . [is] . . . the direct predecessor to Section 504(c) [of the 1976 Copyright Act].

Brief for Petitioner at 33. There is also no dispute that the purpose of both § 25(b) of the 1909 Act and § 504(c) of the 1976 Act[1] was to provide an injured copyright owner with a substitute remedy for actual damages and illicit profits, when the copyright holder either chose not, or was unable, to adduce evidence of either. Brief for Petitioner at 34.

The courts were given extraordinary discretion to determine the amounts due under Section 25(b) of the 1909 Act. For example, in *Douglas v. Cunningham*, 294 U.S. 207, 210 (1935), this Court wrote:

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[1] Hereinafter, references to the "1909 Act" are to the Copyright Act of 1909, Act of March 4, 1909, § 25, 35 Stat. 1075, and references to the "1976 Act" are to the Copyright Act of 1976, Pub. L. No. 94-553, Title I, § 101, Oct. 19, 1976, 90 Stat. 2541, 2585.

> In other words, the employment of the statutory yardstick within set limits, is committed solely to the court which hears the case, and this fact takes the matter out of the ordinary rule with respect to abuse of discretion. This construction is required by the language and the purpose of the statute.

Similar statements appear in *L.A. Westermann Co. v. Dispatch Printing Co.*, 249 U.S. 100, 106-07 (1919):

> The fact that these damages are to be "in lieu of actual damages" shows that something other than actual damages is intended—that another measure is to be applied in making the assessment. . . . In other words, the court's conception of what is just in the particular case, considering the nature of the copyright, the circumstances of the infringement and the like, is made the measure of the damages to be paid, but with the express qualification that in every case the assessment must be within the prescribed limitations, ... Within these limitations the court's discretion and sense of justice is controlling, ...

Id.; *see F.W. Woolworth Co. v. Contemporary Arts, Inc.*, 344 U.S. 228 (1952).[2]

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[2] Justices Black and Frankfurter in their dissent in *F.W. Woolworth* contended that the "prejudicial" remarks of the trial judge mandated a new trial because, "this Court has held that the amount of such [statutory] damages is committed to the unreviewable discretion of a trial judge. . . ." 344 U.S. at 236 (citing *Douglas v. Cunningham*, 294 U.S. 207, 210 (1935)).

The federal courts,[3] taking their cues from this Court, have employed a host of factors in exercising their discretion to fix the amounts to be awarded as statutory damages under both the 1909 and the 1976 Copyright Acts. *See Fitzgerald Publishing Co., Inc. v. Baylor Publishing Co., Inc.*, 807 F.2d 1110, 1117 (2d Cir. 1986) (listing factors courts have considered); Alois Valerian Gross, Annotation, *Measure of Statutory Damages to Which Copyright Owner Is Entitled Under 17 U.S.C.S. §504(c)*, 105 A.L.R. Fed. 345 (1991 & Supp. 1997). Those factors include:

> (1) the expenses saved and the profits reaped by the infringers; *Rare Blue Music, Inc. v. Guttadauro*, 616 F. Supp. 1528, 1530 (D. Mass. 1985); *Milene Music, Inc. v. Gotauco*, 551 F. Supp. 1288, 1296 (D.R.I. 1982); *Boz Scaggs Music v. KND Corp.*, 491 F. Supp. 908, 914 (D.Conn. 1980);
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> (2) revenues lost by the plaintiff as a result of defendant's conduct; *Rare Blue Music, Inc. v. Guttadauro*, 616 F. Supp. 1528, 1530 (D. Mass. 1985); *Milene Music, Inc. v. Gotauco*, 551 F. Supp. 1288, 1296 (D.R.I. 1982); *Boz Scaggs Music v. KND Corp.*, 491 F. Supp. 908, 914 (D.Conn. 1980);
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> (3) the nature and fair market value of the copyright; *Los Angeles News Service v. Reuters Television Int'l Ltd.*, 942 F. Supp. 1275, 1282-83 (C.D.CA. 1996); *Branch v. Ogilvy & Mather, Inc.*, 772 F. Supp. 1359,

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[3] Many of these cases were brought by ASCAP on behalf of, and in the name of, its members whose copyrights were infringed.

1365 (S.D.N.Y. 1991); *United Features Syndicate, Inc. v. Spree, Inc.*, 600 F. Supp. 1242, 1246 (E.D. Mich. 1984);

(4) the deterrent effect on others besides the defendant; *United Features Syndicate, Inc. v. Sunrise Mold Co.*, 569 F. Supp. 1475, 1481 (S.D. Fla. 1983);

(5) the defendant's state of mind: whether the defendant's conduct was willful, knowing or innocent; *Cass County Music Co. v. C.H.L.R. Inc.*, 896 F. Supp. 904, 910-11 (E.D. Ark. 1995); *Sailor Music v. IML Corp.*, 867 F. Supp. 565, 570 (E.D. Mich. 1994); *Jobete Music Co., Inc. v. Hampton*, 864 F. Supp. 7, 9 (S.D. Miss. 1994); *Unicity Music, Inc. v. Omni Communications, Inc.*, 844 F. Supp. 504, 510 (E.D. Ark. 1994); *Schmidt v. Holy Cross Cemetery, Inc.*, 840 F. Supp. 829, 835 (D. Kans. 1993); *Tempo Music, Inc. v. Christensen Food & Mercantile, Co.*, 806 F. Supp. 816, 819 (D. Minn. 1992); *Blendingwell Music, Inc. v. Moor-Law, Inc.*, 612 F. Supp. 474, 486 (D.Del. 1985);

(6) whether the defendant has cooperated in providing particular records from which to assess the value of the infringing material produced; *RSO Records, Inc. v. Peri*, 596 F. Supp. 849, 862 (S.D.N.Y. 1984);

(7) the potential for discouraging the particular defendant from future infringement; *Sunrise Mold Co.*, 569 F. Supp. at 1481;

(8) the difficulty or impossibility of proving actual damages; *Chi*-Boy *Music v. Charlie*

Club, Inc., 930 F.2d 1124, 1229 (7th Cir. 1991); *F.E.L. Publications v. Catholic Bishop of Chicago*, 754 F.2d 216, 219 (7th Cir. 1985), *cert. denied*, 474 U.S. 824 (1985);

(9) the circumstances of the infringement; *Chi-Boy Music*, 930 F.2d at 1229 *F.E.L. Publications*, 754 F.2d at 219;

(10) "the attitude and conduct of the parties;" *Warner Bros. Inc. v. Dae Rim Trading, Inc.*, 877 F.2d 1120, 1126 (2d Cir. 1989);

(11) continued infringement; *Milene Music, Inc.*, 551 F. Supp. at 1296;

(12) and, the strong public interest in ensuring the integrity of the copyright laws; *Original Appalachian Artworks, Inc. v. J.F. Reichert, Inc.*, 658 F. Supp. 458, 465 (E.D. Penn. 1987).

In at least one case, a District Court relied on its perception that the infringers "went to great lengths to hide their infringement from this Court" as a ground for granting the maximum damages available under § 504(c). *Odegard, Inc. v. Costikyan Classic Carpets, Inc.*, 963 F. Supp. 1328, 1341 (S.D.N.Y. 1997). In another, the Court of Appeals affirmed a minimal award where the District Court found that the copyright owner had been itself guilty of abusive litigation tactics. *Dae Rim Trading, Inc.*, 877 F.2d at 1125. In still another, a District Court held that its own belief in the especially high public news value of the work infringed mandated a larger award. *Reuters Television Int'l, Ltd.*, 942 F. Supp. at 1283.

The federal courts have over time in some areas evolved rules to exercise their discretion in specific classes

of cases. For example, the District Court in *Broadcast Music, Inc. v. De Gallo, Inc.*, 872 F. Supp. 167, 169 (D.N.J. 1995), wrote:

> It appears that, in the narrow class of cases dealing with willful, unauthorized, musical performances in public establishments, the damages awards range from two times the licensing fee to five times the licensing fee. *See Chi-Boy Music v. Charlie Club, Inc.*, 930 F.2d 1224, 1227 (7th Cir. 1991) (three times the license fee); *Morley Music Co. v. Cafe Continental, Inc.*, 777 F. Supp. 1579 (S.D. Fla. 1991) (three times the license fee); *Fermata Int'l Melodies, Inc.v. Champions Golf Club, Inc.*, 712 F. Supp. 1257, 1264 (S.D. Tex. 1989) (three times the license fee), aff'd, 915 F.2d 1567 (5th Cir. 1990); *Rilting Music v. Speakeasy Enters., Inc.*, 706 F. Supp. 550, 557-58 (S.D. Ohio 1988) (slightly less than two times the license fee); *Golden Torch Music Corp. v. Pier III Cafe, Inc.*, 684 F. Supp. 772, 774 (D. Conn. 1988) (five times the license fee); *Music City Music v. Alfa Foods, Ltd.*, 616 F. Supp. 1001 (E.D. Va. 1985) (slightly more than two times the license fee). This list of cases does not constitute an exhaustive survey of performance infringement cases nationwide, but it does establish a rough baseline for what the other courts have done.

The evolution of such disparate factors, each of which is grounded in some specific policy favored by copyright law or judicially perceived public interest, is a consequence of the anomaly that statutory damages present. Both under the prior and present Copyright Acts, the premise for statutory damages is that there is or will be no evidence[4] to assist the court in fixing damages or profits wrongfully gained. The court must improvise to find a number which is, in the exercise of that court's almost unlimited and unreviewable discretion, "just" or "fair." We have found no precedent at common law for a jury to assess damages within a given range of maximums and minimums, where there is no evidence of actual damages.

Certainly, the federal courts which have awarded statutory damages have not conceived them to be subject to calculation in any way that is consistent with any common law concept of damages. To hold that statutory damages are in fact a common law remedy would mean that almost ninety years of practice in federal courts has been wrong and inconsistent with Congress' intentions as to how the Copyright Acts were to be enforced.

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[4] Under § 29 of the 1909 Act, the Court was required to grant statutory damages where there was a failure of proof of damages or profits by the copyright holder whose work was infringed. *Jewell-LaSalle Realty Co. v. Buck*, 283 U.S. 202, 206-07 (1931). Under the 1976 Act, such statutory damages are available for the asking in the absence of any effort at proof. 17 U.S.C. § 504(c)(1).

B. The Legislative History Of The 1909 And 1976 Acts Indicates That Statutory Damages Were Not Intended To Be A Common Law Remedy.

The legislative history of § 25(b) of the 1909 Act is instructive, but not decisive as to the nature of statutory damages.

A member of the American Bar Association Committee on Copyrights, Robert H. Parkinson, took the view that the provision for statutory damages, ultimately recommended and enacted as § 25(b) of the 1909 Act, was a remedy unknown at common law.

> The clause that extends the right to cover (sic) damages where there are damages I think is entirely proper. That which gives the right of accounting of creditors, also. But you have gone away beyond that, away beyond any common-law right or remedy that has ever been given in a statute before. You have provided for what the statute says shall not be called penalties, but what amount to penalties to be given in the discretion of the court, so, where no damages can be proved and no profits can be proved, considerable recoveries can be had.[5]

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[5] 5 E. Fulton Brylawski and Abe Goldman, eds., *Legislative History of the 1909 Copyright Act*, Part L at 31 (1976). The testimony was given at a hearing before the Copyright Subcommittee of the Committee on Patents of the House of Representatives on January

(continued...)

Although the chair of that ABA Committee, Arthur Steuart, squabbled with Mr. Parkinson over the Committee's views, neither he nor anyone else before or after, took issue with Mr. Parkinson as to the uniqueness of the remedy Congress fashioned in § 25(b).[6]

The record before the 1909 Congress with respect to the nature of statutory damages as enacted by § 25(b) is otherwise sparse. The words "liquidated damages" are used by Mr. Steuart and other individual lawyers to describe the proposed section, but that characterization is in contrast to "penalties;" there was considerable conflict among the lawyers as to how the damages would be assessed.[7]

Whatever the intention of the drafters of the 1909 Act, there is no doubt that by the time § 504(c) was enacted in 1976, the courts had repeatedly held that the determination of the amount of statutory damages was a matter requiring the exercise of broad discretion as described *supra* in Part II.B. Congress' reenactment in the 1976 Act of the substance of the statutory damages provision, § 25(b) of the 1909 Act, should be viewed in light of the existing decisions. *See Educational Testing Servs. v. Katzman*, 670 F. Supp. 1237, 1240-41 (D.N.J. 1987). As this Court wrote in a similar context

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(...continued)

20, 1909. *Id.* The subject of the session was "Common Law Rights as Applied to Copyright." *Id.*

[6] *Id.* at 25-26.

[7] *E.g.*, 3 E. Fulton Brylawski and Abe Goldman, eds., *Legislative History of the 1909 Copyright Act*, Part E at 16, 229-44 (1976); 4 E. Fulton Brylawski and Abe Goldman, eds., *Legislative History of the 1909 Copyright Act*, Part H at 177 (1976); 5 E. Fulton Brylawski and Abe Goldman, eds., *Legislative History of the 1909 Copyright Act*, Part K at 153-54.

dealing with rights created under the Seventh Amendment: "So too, where, as here, Congress adopts a new law incorporating sections of a prior law, Congress normally can be presumed to have had knowledge of the interpretation given to the incorporated law, at least insofar as it affects the new statute." *Lorillard v. Pons*, 434 U.S. at 581.

Congress also presumably was aware and approved of the nature of statutory damages as they had evolved in the 67 years after enactment as § 25(b) of the 1909 Act. When Congress enacted 17 U.S.C. § 504(c) in 1976, it is to be presumed that it was aware of the extraordinary discretion involved and the unusual nature of the factors used calculating statutory damages.[8]

C. Statutory Damages Are Not "Liquidated Damages" Or Any Other Common Law Remedy".

Some courts have held that statutory damages are a form of liquidated damages and therefore justify the right to a jury trial. *E.g., Calderon v. Witvoet*, 999 F.2d 1101, 1109 (7th Cir. 1993) (citing *Video Views, Inc. v. Studio 21, Ltd.*, 925 F.2d 1010, 1014-17 (7th Cir. 1991)) (stating, with regard to statutory damages, "[o]ur circuit has concluded that actions seeking liquidated damages provided by statute are 'suits at common law' for constitutional purposes"). This argument that statutory damages are

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[8] Over ten years later in 1988, Congress once more addressed the remedies provided by § 504(c) when it increased the maximum and minimum which could be awarded as statutory damages. It made no other changes in the provision, presumably being otherwise satisfied with its enforcement by the courts. Pub. L. No. 100-568, § 10(b), Oct. 31, 1988, 102 Stat. 2853, 2860.

"liquidated damages" is clearly faulty. The premise of a liquidated damages provision—as opposed to what is usually considered an unenforceable penalty in contract law—is that it is, "to set damages at a specific amount in order to avoid complex factual presentations in an action . . . ." *McGuire v. City of Jersey City*, 593 A.2d 309, 312 (N.J. 1991); *see, e.g., CIT Group/Commercial Servs. v. Holladay-Tyler Printing Corp.*, Nos. 94 Civ. 6642 & 94 Civ. 6645 (HB), 1995 WL 702343, at *1 (S.D.N.Y. Nov. 29, 1995) (quoting 1 Oleck, *Damages to Persons and Property* § 161) ("If court action is necessary to fix the amount, the stipulation is meaningless, as it fails to achieve the only valid purpose of liquidated damages."); *Massachusetts Indem. & Life Ins. Co. v. Dresser*, 306 A.2d 213, 216 (Md. 1973) (A provision for liquidated damages "must provide 'in clear and unambiguous terms' for 'a certain sum.'") (quoting *Siler v. Marshall*, 247 A.2d 385, 387-88 (Md. 1968)); *Jarro Bldg. Indus. v. Schwartz*, 281 N.Y.S.2d 420, 426 (2d Dep't 1967) (To be upheld, liquidated damages clauses must specify an amount either in absolute dollars or in some manner that obviates court involvement.). This should be contrasted with the substantial discretion involved in choosing appropriate statutory damages. *See* Part II.B.

Notwithstanding the disclaimer in § 25(b) of the 1909 Act that statutory damages "shall not be regarded as a penalty" (a disclaimer deleted by Congress from § 504(c) of the 1976 Act), statutory damages are closer in form to civil penalties under legislation such as the Clean Water Act which this Court confronted in *Tull v. United States, supra*, 481 U.S. 412. In *Tull*, as we have seen, the Court held that civil penalties under such statutes are not within the Seventh Amendment's requirement of a jury trial. *Id.* at 427; *see supra* Part I. The singular difference between statutory damages and such civil penalties is that the former are paid to the private citizen whose rights have been transgressed, rather than, as in the case of the latter, the government. It is not apparent why who receives the proceeds of that type of

judgment should make a difference for purposes of whether the amount thereof must be calculated by a jury as opposed to a judge.

Certainly, the mere fact that the drafters of § 25(b) of the 1909 Act, for whatever reasons, characterized statutory damages as something other than a penalty, should not affect analysis of their true nature. Such a characterization should be no more efficacious one way or another than a disclaimer in an ordinary contract that a purported clause fixing "liquidated damages" is not a "penalty." Characterizations of this type are manifestly irrelevant for the purpose of judicial inquiry as to the true nature of the provisions so described. *See e.g.*, III E. Allen Farnsworth, *Farnsworth on Contracts*, § 12.18 (1990).

Whatever characterizations are applied to statutory damages, they are each subject to Bishop Butler's well known observation that: "Everything is what it is and not another thing." Statutory damages, as enacted by Congress in 1909 and 1976, were neither penalty or liquidated damages, nor were they any other remedy previously known to the common law. They were a new construct: As statutory damages under § 504(c) evolved through decisions of this and other courts, they were a remedy peculiar to the modern law of copyright.[9] Statutory damages certainly have no counterpart in the common law of 18th century England, and are sufficiently different to make them free from the restrictions of the Seventh Amendment.

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[9] In 1996, as part of the Anti-Counterfeiting Consumer Protection Act Congress provided statutory damages under the Lanham Act, 17 U.S.C. § 1117. The legislative history contains no details about the amendment other than its enactment. *See* 104th Cong., 2d Sess., H.R. 104-556.

D. Statutory Damages Should Not Be Fixed By A Jury.

Juries should not readily be assigned the power to fix statutory damages. There is a vast amount of unreviewable discretion involved in assessing damages between $500 and $20,000 for each infringement. Further, absence of proof as to actual damages sustained by the copyright owner or profits illicitly obtained by the infringer exacerbates the subjectivity of the determination of the amount of statutory damages. Permitting a jury to fix statutory damages may create excessive danger to those unpopular defendants who are charged with copyright infringement. This will be particularly true if the copyright owner can allege the existence of multiple infringements, as in the case presently before this Court. They could also create danger for an unpopular copyright owner who nevertheless properly seeks vindication of his or her property rights. No one interested in and supportive of copyright law would favor either such a draconian development.

Assigning the responsibility of fixing statutory damages to juries would also create a continuing danger of lack of uniformity in awards made by juries in different parts of the nation. We can readily anticipate that, given the broad range of factors to be considered in awarding statutory damages, jurors will vary widely in their perceptions of what amounts should be assessed against infringers. Such a lack of uniformity would be particularly troublesome in the enforcement of a national statute such as the Copyright Act.

CONCLUSION

Statutory damages are a unique remedy jointly fashioned by the federal courts and Congress. They bear little resemblance to any form of damages under the common law. Certainly, there is no precedent for any analogous remedy un-

der the common law as it existed in England in the 18th century.

The use of juries in assessing damages under 17 U.S.C. § 504(c) would also be unsound judicial policy, creating risks of inappropriate, virtually unreviewable damage awards and a lack of uniformity in the enforcement of the nation's copyright law.

The disposition of the United States Court of Appeals for the Ninth Circuit should be affirmed and the Respondent's judgment affirmed.

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